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Terry Goddard Takes Issue With FTC's Gasoline Report

(Phoenix, Ariz. - May 22, 2006) - Attorney General Terry Goddard today called the Federal Trade Commission's new report on sharply higher gasoline prices following Hurricane Katrina "an unpersuasive defense of the oil industry."

The FTC report found no illegal market manipulation and 15 examples of price-gouging nationally after the hurricane last year. The agency sought to downplay those instances, saying they could be explained by "the standard supply and demand paradigm" and "regional or local market trends."

"The FTC could find nothing wrong with the oil industry exploiting a national disaster to rack up record profits by forcing consumers to pay dramatically higher prices," Goddard said. "Rather than acting as an advocate for consumers in times of a supply emergency, the agency seems intent on justifying whatever prices the oil industry chooses to charge."

An investigation into last September's price increases in Arizona by Goddard's office found that some companies tripled their margins after the hurricane. Since Arizona does not have a law against price-gouging, however, those increases were not illegal.

"The FTC report corroborates the findings of our investigation that oil companies used a hurricane to fatten their profits," Goddard said. "I think consumers need to be protected during a supply disruption with an anti-price-gouging law, but the FTC apparently does not. The implication of the FTC's analysis is that consumers should stop buying gas if they don't like higher prices. That makes no sense in Arizona where consumers have no choice."

Goddard, who is co-chair of the Consumer Protection Committee of the National Association of Attorneys General, will meet on June 12 with FTC and U.S. Justice Department officials in Washington to discuss gasoline prices. The meeting was requested by state attorneys general in response to rising gas prices this spring.

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